M/s Maruti Suzuki India Ltd., Palam-Gurgaon Road, Gurgaon, Haryana-122015

Authority for Advance Ruling — Haryana

ADVANCE RULING NO.HAR/HAAR/R/2018-19/22 (In Application No.:22/2… Dated **25.10.2018**

Q Questions Before the Authority

- Whether HEVs supplied by the Applicant are leviable to compensation cess at the rate of 15% as prescribed under S.No.48 of Notification No.1/2017-Compensation Cess (Rate) dt.28.06.17, as amended vide Notification No.05/2017-Compensation (Cess) Rate dt.11.09.17?

F Facts

The Applicant manufactures and supplies three cars, the S-Cross, Ertiga and Ciaz, which it calls hybrid electric vehicles (HEVs). Each combines a compression-ignition diesel engine with an integrated starter generator (ISG) electric motor that assists the engine during acceleration, start-stop and regeneration. The Applicant claims these cars fall under sub-heading 8703 50 and within clause (d) of S.No.48, which carries 15% compensation cess, and not under S.No.52 at 17%.

H Ruling

Whether HEVs (S-Cross, Ertiga, Ciaz) are leviable to compensation cess at 15% under S.No.48 of Notification 1/2017-CC as amended by Notification 05/2017-CC	****Not covered under S.No.48**, so the 15% rate under that entry does not apply**	The Authority held that the electric motor is not capable of propelling the vehicle, so the 'motors for propulsion' condition fails. The order does not state which other entry or rate applies.

The Authority held that the HEVs are **not covered under S.No.48** of Notification No.1/2017-Compensation Cess (Rate), as amended. The electric motor in these cars is not capable of propelling the vehicle on its own, so the requirement of 'motors for propulsion' is not met. The ICAT and ARAI certificates did not show that the electric motor can propel the vehicle, so they could not establish eligibility.

R Reasoning

The Authority read S.No.48 with its matching tariff sub-heading 8703 50 and identified the conditions for clause (d): the vehicle must be covered by 8703 50 or 8703 70, must have both a compression-ignition engine and an electric motor 'as motors for propulsion', and must not fall within the ambulance, three-wheeler or small-car categories. It accepted that conditions (iii) to (v) were met, but held that 'motors for propulsion' requires each motor to be capable of propelling the vehicle on its own. It relied on the Applicant's own description that the electric motor only assists the IC engine and cannot power the vehicle alone. The ICAT and ARAI certificates were held not to show this capability.

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

P Provisions Relied On

Notification No.1/2017-Compensation Cess (Rate) dt.28.06.2017, S.No.48 (clause (d)) and S.No.52

Notification No.05/2017-Compensation Cess (Rate) dt.11.09.2017, substituting S.No.48 and 52

Customs Tariff Act, 1975, heading 8703 and sub-headings 8703 50 and 8703 70

Motor Vehicles Act, 1988 and rules thereunder, as applied for the specification explanation to S.No.48

Section 98 of the CGST/HGST Act, 2017 (advance ruling)

! For the Practitioner

The ruling is useful for any manufacturer of mild-hybrid cars that claims the 15% S.No.48 rate. It indicates that the electric motor must be capable of propelling the vehicle by itself, and that a motor which only assists the engine does not qualify. The order does not decide the correct classification of these cars or the rate that applies instead, and it binds only the Applicant. A practitioner should read the full order and check the later position before relying on it.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> har_aar_22_2018-19_25.10.2018_msil.pdf

Prepared 26-10-2026.

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